

## Message Text

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PAGE 01 STATE 219063  
ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 COME-00 TRSE-00 AID-05  
CEA-01 CIAE-00 EA-10 FRB-03 INR-10 IO-13 NEA-10  
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TO AMEMBASSY BRUSSELS  
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USEEC, USOECD

E.O. 11652: N/A

TAGS: EINV, OECD, EEC

SUBJECT: EC ADHERENCE TO OR ASSOCIATION WITH THE OECD DECLARATION ON INTERNATIONAL INVESTMENT AND MULTINATIONAL ENTERPRISES

1. MISSION WILL BE AWARE THAT OECD COMMITTEE ON INTERNATIONAL INVESTMENT AND MULTINATIONAL ENTERPRISES (CIME) IS NOW INITIATING A REVIEW OF THE 1976 OECD INVESTMENT DECLARATION. THE DECLARATION WAS SIGNED IN 1976 BY ALL MEMBER STATES OF THE EC ALONG WITH MOST OTHER OECD COUNTRIES.  
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PAGE 02 STATE 219063

TRIES. THE INVESTMENT PACKAGE INCLUDES A SET OF VOLUNTARY GUIDELINES FOR MULTINATIONAL ENTERPRISES (MNES), PLEDGES BY GOVERNMENTS FOR CLOSER CONSULTATION AND COOPERATION ON THE PRINCIPLE OF NATIONAL TREATMENT TO FOREIGN ENTERPRISES AND PROBLEMS ARISING FROM OFFICIAL INCENTIVES AND DISINCENTIVES OFFERED TO FOREIGN INVESTORS, AND CONSULTATION PROCEDURES WHICH PROVIDED FOR CREATION OF CIME. WITHIN

THE OECD CIME HAS BEEN RECOGNIZED AS THE SUBGROUP WITH COMPETENCE TO HANDLE INTERNATIONAL DIRECT INVESTMENT AND MULTINATIONAL ENTERPRISES ISSUES, AND RECENTLY HAS DEALT WITH SUCH VARIED SUBJECTS AS INTERNATIONAL ACCOUNTING STANDARDS AND INVESTMENT ACTIVITIES IN OTHER INTERNATIONAL FORUMS, E.G. U.N., IBRD/IMF DEVELOPMENT COMMITTEE.

2. THE EC AS SUCH IS NOT A SIGNATORY OF THE OECD DECLARATION AND HAS TAKEN NO OFFICIAL POSITION ON THE INVESTMENT PACKAGE. EC REPS, IN LINE WITH OECD PRACTICE, HAVE TAKEN PART, HOWEVER, IN THE CIME CONSULTATION PROCEDURES AND WILL PARTICIPATE IN THE FORMAL REVIEW PROCESS. WE WELCOME THE COMMISSION'S PARTICIPATION, RECOGNIZING THE NUMEROUS AREAS IN WHICH THE EC'S COMPETENCE ON MNE AND INVESTMENT ISSUES IS EITHER EXCLUSIVE OR SHARED WITH MEMBER STATES. BUT DURING CIME'S OPERATIONS COMMISSION REPS HAVE SEEMED MORE CONCERNED WITH GUARDING THE EC COMMISSION'S BUREAUCRATIC TURF, BY REMINDING EC MEMBER STATES OF AREAS OF COMMISSION COMPETENCE AND ONGOING COMMISSION WORK, THAN ADVANCING CIME'S MULTILATERAL COOPERATION ON MNE AND INVESTMENT ISSUES. FOR EXAMPLE, COMMISSION REPS EXPRESSED CONSIDERABLE OPPOSITION TO A RECENT CIME INITIATIVE FOR A STUDY GROUP ON INTERNATIONAL ACCOUNTING STANDARDS AND EXPRESSED FEARS, DESPITE ASSURANCES TO CONTRARY, THAT SUCH A MOVE WOULD UNDERMINE COMMUNITY EFFORTS IN THIS AREA. COMMISSION HAS ALSO NOT FELT OBLIGED TO MAKE SUBMISSIONS LIMITED OFFICIAL USE

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PAGE 03 STATE 219063

TO CIME IN KEEPING WITH DECLARATION'S OBJECTIVES SUCH AS NOTIFICATIONS OF PRACTICES IN EFFECT WHICH CONSTITUTE EXCEPTIONS TO THE PRINCIPLE OF NATIONAL TREATMENT.

3. OUR OBJECTIVE IS TO DRAW THE COMMISSION INTO A MORE POSITIVE CONTRIBUTION TO THE CIME'S WORK AND BALANCE ITS RIGHTS AS A PARTICIPANT IN CIME DELIBERATIONS WITH SOME OF THE RESPONSIBILITIES OF CIME MEMBERSHIP. WE THEREFORE FEEL A STRONGER AND MORE VISIBLE EC COMMITMENT TO OR ASSOCIATION WITH THE OECD DECLARATION WOULD BE DESIRABLE. WHILE THERE EXIST LEGAL OBSTACLES TO THE EC BECOMING A SIGNATORY TO THE OECD DECLARATION, WE WOULD APPRECIATE USEC'S REACTION TO AND ANALYSIS OF THE POSSIBILITY OF A UNILATERAL COMMISSION STATEMENT OF SUPPORT OR ANY OTHER MODALITY FOR BINDING OR ASSOCIATING THE EC TO THE DECLARATION AND ASSOCIATED DECISIONS. IDEALLY SUCH A STATEMENT COULD BE MADE AT THE CONCLUSION OF THE REVIEW OF THE INVESTMENT PACKAGE, DUE IN JUNE, 1979, WHEN ALL PARTICIPATING GOVERNMENTS WILL REAFFIRM TEXT OF DECLARATION ALONG WITH ANY AGREED AMENDMENTS TO IT.

4. CIME'S NEXT MEETING IS SCHEDULED FOR OCTOBER 30-31 IN

PARIS AND WILL BE CONCERNED WITH PREPARATIONS FOR REVIEW  
OF INVESTMENT PACKAGE. MEMBER OF U.S. DELEGATION TO CIME  
WOULD LIKE TO TAKE A DAY DURING WEEK BEFORE THE MEETING TO  
VISIT USEC AND DISCUSS VALUE AND PROSPECTS FOR SUCCESS OF  
SUCH AN APPROACH TO EC COMMISSION AND/OR MEMBER GOVERN-  
MENTS. MISSION SHOULD AT THIS POINT CONFINE ITSELF TO  
ASSESSMENT OF THIS PROPOSAL AND NOT REPEAT NOT UNDERTAKE  
DISCUSSIONS WITH COMMISSION OFFICIALS ON THIS SUBJECT. CHRISTOPHER

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## Message Attributes

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**Copy:** SINGLE  
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**Original Handling Restrictions:** n/a  
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**TAGS:** EINV, OECD, EEC  
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